

Decision No. 13566.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 ERIKSON NAVIGATION COMPANY,
 a corporation, for certificate of
 public convenience and necessity to
 operate boats for the transportation
 of property (freight) for compensa-
 tion, between points upon the inland
 waters of the State of California,
 and to issue stock and promissory
 notes secured by mortgage.

ORIGINAL

Application Number 10001

A.E. Stoltz, for Applicant
 Sanborn and Roehl & Delancey C. Smith, by
 H.A. Sanborn, for the Bay Cities Transportation Company
 J.S.P. Dean, for the Bay and River Boat Owners Association

MARTIN, Commissioner.

O P I N I O N

The Erikson Navigation Company asks permission to issue \$8,500.00 of common stock, \$18,500.00 face value of notes, and execute a mortgage to secure the payment of such notes. The company also asks the Commission to declare that public convenience and necessity requires or will require the company to operate the boats and barges which it intends to acquire, for the transportation of property (freight) for compensation, between all points on San Francisco, Suisun and San Pablo Bays and tributaries and upon all rivers, water-ways and sloughs of the Sacramento and San Joaquin Valleys, serving the same points or landings as are at present served by the Estate of John Erikson, deceased. The rates to be charged for the service proposed to be given and the rules and regulations governing the same, will be the same as those of the Estate of John Erikson, deceased, now on file with the Railroad Commission.

The Erikson Navigation Company was organized on or about April 9, 1924, with an authorized capital stock issue of \$250,000.00 divided into 2,500 shares of \$100.00 each. Of this capital stock, 1,000 shares are preferred stock and 1,500 shares are common stock. The preferred stock, under the articles of incorporation filed in this proceeding, bears cumulative dividends at the rate of eight percent per annum; has a preference over the common stock both as to assets and earnings; may be redeemed at the option of the company at \$110.00 per share and unpaid dividends; and may be converted at the option of the holder into common stock at par. The Commission is not in this proceeding called upon to pass upon the propriety of providing for an eight percent. cumulative preferred stock under conditions such as are set forth in applicant's present articles of incorporation. Should applicant hereafter ask for permission to issue preferred stock, the Commission will consider such application under the conditions then existing, and if such conditions do not warrant the issue of eight percent. preferred stock the Commission will not authorize the same, even though applicant's present articles of incorporation provide for such stock. Applicant asks authority to issue \$8,000.00 par value (80 shares) of its common stock as part payment for the properties which it intends to acquire and further asks permission to issue five (5) shares of this stock to qualify its directors. The five shares should be sold at par and the proceeds used for working capital. The request to issue and sell \$25,000.00 par value of stock at \$95. per share was withdrawn at the hearing.

There has been filed in this proceeding a copy of an order of the Superior Court in and for the City and County of San Francisco confirming the sale and transfer to the Erikson Navigation Company of the interest of the Erikson Estate in the following boats:-

Towboat Erikson No. 15
Barge Pyramid
Montezuma
Albertine
Mildred

H.Eppinger
Crockett
St.Thomas
Barge E-2
Mt.Eden

The court also approved and confirmed the agreement entered into by and between Christie Erikson, executrix of the Estate of John Erikson, and Lawrence Warehouse Company, dated April 4, 1924, wherein the terms, conditions and payments of the transfer and sale are fully set forth. This agreement is on file with the County Clerk of the City and County of San Francisco. It appears from such agreement that Christie Erikson, executrix of the Estate of John Erikson, has agreed to sell the above boats, together with equipment and franchises, for \$33,250.00 to the Lawrence Warehouse Company. She has further agreed to organize a corporation known as the Erikson Navigation Company and transfer the boats and business to such corporation in consideration for a mortgage of \$18,250.00 payable in equal monthly installments of \$500.00, with interest at six percent. per annum and for such an amount of stock as the Railroad Commission might authorize. Thereafter she agrees to deliver all the stock which the Commission may authorize to the Lawrence Warehouse Company, which agrees to pay her \$14,500.00 in cash. Should it not be possible for her to deliver full title to all the boats to the Erikson Navigation Company, the Lawrence Warehouse Company may withhold from the \$14,500.00 cash payment such an amount as the proportionate interest in the boats not delivered bears to the whole value of the respective boats.

There has been filed in this proceeding as Applicant's Exhibit "A", an estimated reproduction cost new of the equipment, prepared by David W. Dickie, Engineer and Naval Architect. There was also introduced through Thomas L. Tomlinson evidence showing the present value of the equipment.

Name of Boat or Barge	Cost of Replacement by Dickie	Present Value by Tomlinson
Erikson No. 15 (Towboat)	\$ 17,500.00	\$ 6,000.00
Mt. Eden (river towboat)	9,000.00	800.00
Mildred " "	2,500.00	750.00
Crockett(one man freight boat)	14,000.00	4,000.00
H.Eppinger(freight boat)	18,000.00	6,500.00
Montezuma (power freight boat)	10,000.00	3,500.00
Albertine " " "	10,000.00	2,500.00
E-2 (barge)	11,000.00	4,500.00
Pyramid(barge shaped like stern whooler)	14,000.00	3,500.00
St. Thomas(Scow schooner barge)	6,000.00	1,200.00
	<u>\$112,000.00</u>	<u>\$ 33,250.00</u>

Mr. Dickie was not called as a witness by applicant. Mr. Tomlinson was of the opinion that the cost to reproduce the equipment would be from 30 to 50 percent. higher than the present value of the equipment.

The Erikson Estate is said to own a 7/12 interest in the gasoline steamer "H. Eppinger"; a 2/3 interest in the gasoline steamer "Crockett"; a 1/2 interest in the gasoline steamer "Montezuma"; a 9/12 interest in the gasoline steamer "Albertine"; and a 1/2 interest in the barge "St. Thomas". The record shows that it owns full title to the other boats, namely: barge "E-2", barge "Pyramid", towboat "Mt.Eden", towboat "Mildred" and towboat "E-15."

There has been filed (Exhibit "C") in this proceeding a copy of the proposed mortgage which the Erikson Navigation Company asks permission to execute. The mortgage filed is in blank form, but it is of record that all of the equipment which the Erikson Navigation Company intends to purchase will be covered by the mortgage. The company will be required to file with the Commission as soon as executed, a certified copy of the mortgage.

Reports filed with the Railroad Commission show that during 1922 the Estate of John Erikson, as a result of operating boats and barges, had an operating revenue of \$64,119.22 and for 1923 operating revenues of \$76,913.69. Operating expenses for 1922 are reported at

\$59,955.55 and for 1923 at \$71,716.09. The net operating revenues for 1922 amount to \$4,153.67 and for 1923 to \$5,197.60.

I herewith submit the following form of order:-

ORDER

The Erikson Navigation Company, having applied to the Railroad Commission for permission to operate boats, issue stock, and a note, and execute a mortgage, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of the stock and notes herein authorized is reasonably required by applicant and that this application should be granted as provided in this order, therefore:-

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY DECLARES that present and future public convenience and necessity require the operation by the Erikson Navigation Company of only such boats and barges as are hereinafter specifically set forth, for the transportation of freight, for compensation, between all points on San Francisco, San Pablo and Suisun Bays and tributaries and upon all rivers, water-ways and sloughs of the Sacramento and San Joaquin Valleys serving the same points or landings as are at present served by the Estate of John Erikson, deceased, the rates to be charged for such service and the rules and regulations governing the same to be the same as those of the Estate of John Erikson, deceased, now on file with the Railroad Commission. The boats and barges which the Erikson Navigation Company may operate under the authority herein granted are as follows:-

Towboat "Erikson No. 15"
110 Horsepower gas engine
Gross tons, 13 Net tons, 10

Towboat "Mt. Eden"
80 Horsepower gas engine
Gross tons 12.16 Net tons, 8.27

Towboat "Mildred"
30 Horsepower gas engine

Gasoline steamer "Crockett"
25 Horsepower gas engine
Gross tons, 62 Net tons, 52

Gasoline steamer "E. Eppinger"
35 Horsepower gas engine
Gross tons, 96 Net tons, 71

Gasoline steamer "Montezuma"
85 Horsepower gas engine
Gross tons, 73.3 Net tons, 69.24

Gasoline steamer "Albertine"
50 Horsepower gas engine
Gross tons 50.74 Net tons, 48.21

Barge "E-2" Length 110 ft. Beam, 30 ft. Depth
7 ft. 6 in.

Barge "Pyramid" Length overall 160 ft. Beam
moulded 37 ft. Depth moulded 6 ft.

Scow schooner barge "St. Thomas"
Length 71.4 ft. Beam 25 ft. Depth, 5.5 ft.
Gross tons 62.47 Net tons 59.36.

IT IS HEREBY ORDERED that the Erikson Navigation Company be, and it is hereby, authorized to execute a mortgage substantially in the same form as the mortgage filed in this proceeding and marked Exhibit "C", provided that the authority herein granted to execute said mortgage is for the purpose of this proceeding only and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of said mortgage as to such other legal requirements to which said mortgage may be subject.

IT IS HEREBY FURTHER ORDERED that the Erikson Navigation Company be, and it is hereby, authorized to issue not exceeding \$8,500. of common stock and a note in the sum of not exceeding \$18,500.00 secured by the aforesaid mortgage in payment for the boats, barges and equipment which Christie Erikson, executrix of the Estate of John Erikson, has agreed to transfer to the Erikson Navigation Company, and to provide itself with working capital.

The authority herein granted is subject to further conditions as follows:-

1. Applicant shall file within a period of not to exceed 30 days from the date hereof its formal accep-

tance of the certificate herein granted.

2. Within fifteen days after the execution of the mortgage herein authorized to be executed, applicant shall file with the Commission a certified copy of such mortgage.
3. Applicant shall keep such record of the issue, sale and delivery of the stock and notes herein authorized and of the disposition of the proceeds as will enable it to file on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.
4. The authority herein granted will become effective when applicant has paid the minimum fee prescribed by Section 57 of the Public Utilities Act, which fee amounts to \$25.00.
5. Under the authority herein granted applicant shall commence service within 90 days after the date hereof. No stock or note may be issued or delivered after 90 days from the date of this order.

IT IS HEREBY FURTHER ORDERED that this application, in so far as it involves the issue of \$25,000.00 of stock be, and the same is hereby dismissed without prejudice.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commis-

sion of the State of California.

DATED at San Francisco, California, this 17th day of
May, 1924.

A. Searcy

Dwight Martin
Egerton Shore

Commissioners.

